



## SHORT TERM RENTAL ORDINANCE AND LICENSE REQUIREMENTS

### FREQUENTLY ASKED QUESTIONS

#### WHAT IS A SHORT TERM RENTAL?

A short term rental (STR) is the rental of a residential property (consisting of one or more dwelling units), that is rented out for compensation on a temporary basis for a period of less than 30 consecutive days. For the purpose of this document, “STR” applies to all five categories of STRs (see Table 1) unless otherwise noted. In order to operate an STR in Waco, a license must be obtained from the Development Services department. In some cases, a special permit is also required prior to issuance of a license.

#### WHAT ARE THE DIFFERENT CATEGORIES OF SHORT TERM RENTALS?

Table 1 summarizes the five different short term rental categories, and provides examples of different rental situations.

**TABLE 1: SHORT TERM RENTAL CATEGORIES**

Short Term Rental Category	Description	Examples
Bed and Breakfast Homestay Establishment (BBHE)	<ul style="list-style-type: none"> <li>• Owner stays on the property while operating the BBHE</li> <li>• No more than 5 guest rooms</li> <li>• May rent to multiple groups at a time</li> </ul>	<ul style="list-style-type: none"> <li>• Rent two or more bedrooms in house or apartment to two or more separate groups at a time</li> <li>• Rent guest house to one group and bedroom(s) in main house to another group at the same time</li> </ul>
Bed and Breakfast Inn (B&B Inn)	<ul style="list-style-type: none"> <li>• Resident manager stays on the property while operating the B&amp;B Inn</li> <li>• No more than 15 guest rooms</li> <li>• May rent to multiple groups at a time</li> </ul>	<ul style="list-style-type: none"> <li>• A traditional B&amp;B facility that is not a motel/ hotel structure</li> </ul>
Short Term Rental Type I (STR Type I)	<ul style="list-style-type: none"> <li>• Owner stays on the property while operating the STR</li> <li>• Only rent to one group at a time</li> </ul>	<ul style="list-style-type: none"> <li>• Rent one or more bedrooms in house or apartment</li> <li>• Owner lives in main house and rents backyard guest house or garage apartment</li> </ul>
Short Term Rental Type II (STR Type II)	<ul style="list-style-type: none"> <li>• Owner does not stay on the property while operating the STR</li> <li>• Only rent to one group at a time</li> <li>• Single-family or duplex property</li> </ul>	<ul style="list-style-type: none"> <li>• Any single family or duplex residential property</li> <li>• A private residence that is rented occasionally</li> <li>• Full-time rental property</li> </ul>
Short Term Rental Type III (STR Type III)	<ul style="list-style-type: none"> <li>• Owner does not stay on the property while operating the STR</li> <li>• Only rent to one group at a time</li> <li>• Part of multi-family residential property (3 or more units)</li> </ul>	<ul style="list-style-type: none"> <li>• Any multi-family residential property (townhouse, condo, apartment, loft)</li> <li>• A private residence that is rented occasionally</li> <li>• Full-time rental property</li> </ul>

## WHAT ARE THE LICENSE REQUIREMENTS?

The initial application for an STR license should include the following information:

- Completed online license application via [Citizen Self Service \(CSS\)](#)
- Site plan showing the property and required parking for the STR showing dimensions of the parking space and how parking is accessed
- If the property is already operating as an STR, record of city and county hotel occupancy tax payments
- Approved special permit (if required)
- Proof of compliance with Sec. [13-470 through 13-471](#) of the license ordinance, including distance, density, and parking requirements
- If applicable, a copy of the certificate of occupancy *issued in the last 12 months*. If this does not apply then a life safety inspection will be required. See more details below.

The license application will be reviewed and processed by staff in the Development Services department. Once your application has been received, an invoice will be issued. Once paid in full, a life safety inspection (\$75 processing fee) can be scheduled (see “Is an Inspection Required?” on page 3 of this document).

A license fee of \$150 (initial request) or \$50 (renewal every two years) will be due when all required items have been received and the application is approved. A license will be valid for two years from the date of issuance and may be renewed subject to a renewal fee and proof of paid city and county hotel occupancy taxes.

## WHEN IS A SPECIAL PERMIT REQUIRED?

Table 2 provides a matrix of when special permits are required. To determine if a special permit is needed, you’ll need to know the STR category and zoning district for the rental property. You may find the zoning of your property by visiting the [City of Waco Interactive Zoning Map](#) or by contacting the Development Services Department at 254-750-5612.

**TABLE 2: SHORT TERM RENTALS REQUIRING SPECIAL PERMITS**

STR Category	R-E	R-1A	R-1B	R-1C	R-3A	R-3B	R-3C	R-3D	R-3E	O-1	O-2	O-3	C-1
BBHE	S	S	S	S									
B&B Inn					S	S	S	S	S	S	S		
STR Type I	S	S	S	S									
STR Type II	S	S	S	S									
STR Type III					S	S	S	S	S		S	S	S

The special permit request will require approval from the Plan Commission and the City Council and includes noticing to all property owners within 200 feet of the proposed STR property. An STR license will not be issued until the special permit is approved. The special permit process takes approximately 60-90 days. You may locate a map of registered Short Term Rentals [here](#).

### **HOW DO I APPLY FOR A LICENSE AND/ OR SPECIAL PERMIT?**

Visit the City of Waco [Citizens Self Service \(CSS\) page](#). You are only required to register for a CSS account one time, but be sure to save login information for future access to your application(s).

### **IS AN INSPECTION REQUIRED?**

All STR properties must pass a Life Safety Inspection in order to receive an STR license. A non-refundable inspection fee will apply. If the property was recently constructed, a Certificate of Occupancy issued from Inspection Services within the last 12 months will be accepted in lieu of a Life Safety Inspection; however, the applicant will still be required to post an evacuation plan in each sleeping area, and provide evidence that this requirement has been met.

Once an application has been submitted, it shall be reviewed by city staff. You will receive notifications of the status of your application via your CSS account portal. You will also be notified when it is time to schedule a life safety inspection by calling 254-750-5612.

### **DOES THE SHORT TERM RENTAL NEED TO BE LOCALLY OWNED OR OPERATED?**

If the license holder does not reside in McLennan County a “Designated Operator” must be assigned. The Designated Operator must reside in McLennan County and be present in the county and available at all times the STR is in use.

### **WHAT ARE THE DISTANCE AND DENSITY REQUIREMENTS FOR STRS?**

In R-E, R-1A, R-1B, R-1C, and R-2 zoning districts, a BBHE or STR Type II may not be located within 500 feet of another licensed BBHE or STR Type II. The 500 feet restriction in R-2 zoning districts will be effective April 30, 2020.

STR Type III properties may operate up to 5 units as STRs. STR Type III properties that meet the following criteria are exempt from this requirement:

- a. The building is made up of individually owned units where each individual owner or person with an influential interest in a legal entity operates no more than five units on this property as short term rentals;
- b. The property is located in the Downtown District Overlay;
- c. The property is zoned C-4; and
- d. The applicant provides written verification from the association governing the individual units, including a condominium association, owners’ association, or management company for such condominium association or owners’ association, that:
  - i. Short Term Rentals are allowed in the building;
  - ii. all individual owners or persons with an influential interest in a legal entity have been informed that Short Term Rentals are allowed in the building; and
  - iii. there are written association policies, which have been provided to each owner, regulating the use of common areas by owners and occupants of the owner’s unit.

STRs with an existing special permit as of August 1, 2017 are exempt from the distance and density requirements if: 1) The license is granted to the same person or entity that the special permit was granted to; 2) The license is continuously renewed prior to expiration; and 3) The license is not revoked after August 1, 2017.

### **WHAT ARE THE PARKING REQUIREMENTS?**

STR guests are not allowed to park on the street. A minimum of one off-street parking space is required per rented room. For STR Type I, B&B Inn, and BBHE properties, there is a base requirement of two parking spaces, plus one parking space per rented room. Required parking must meet the standards of the [City of Waco Parking and Access Design Standards for Site Development \(page 18-23\)](#) and [Article VII of Chapter 28](#) of the code of ordinances, prior to issuance of a license. STRs in C-4 zoning are exempt from this parking requirement.

### **WHAT ARE THE OCCUPANCY LIMITS?**

The maximum adult occupancy for any of the five STR categories is 2 adults per bedroom, plus an additional two adults per rental unit. In R-E, R-1A, R-1B, and R-1C zoning districts, a BBHE, STR Type I, or STR Type II may not be occupied by more than 4 individuals unrelated by blood, marriage, or adoption at any given time.

### **ARE THERE RESTRICTIONS ON EVENTS, FOOD SERVICE, OR NOISE?**

Food service establishments and events open to non-STR guests are only allowed in zoning districts that would allow these uses by right (e.g., restaurants or catering establishments). Functions such as meetings, receptions, weddings, or other social events provided for compensation (or held by guests) are permitted in commercial zoning districts only. All STR properties must comply with the city's [noise requirements](#) set forth in [Article VII of Chapter 16](#) of the code of ordinances.

### **WHAT INFORMATION WILL BE PROVIDED TO NEIGHBORS?**

Upon approval of a license application, the Development Services department will provide contact information to owners of real property within 200 feet of the STR. This will include the name and phone number of the owner and/or Designated Operator; license number; and occupancy limits. If licensees wish, they may designate a separate phone number for their STR through a service such as Google Voice.

### **WHAT INFORMATION WILL BE PROVIDED TO GUESTS?**

Each STR unit must have a conspicuously displayed sign in the common area. The sign will be provided by the Development Services department and will include: 1) the name and contact information of the owner and/or Designated Operator; 2) the STR license number; and 3) the occupancy limits and parking requirements set forth in the license.

### **WHAT NEEDS TO BE INCLUDED IN THE SHORT TERM RENTAL ONLINE LISTING?**

All licensed STR advertisements, marketing materials, and online listings must prominently display the assigned license number and occupancy limit.

## **ARE SHORT TERM RENTALS SUBJECT TO HOTEL OCCUPANCY TAXES?**

As of August 1, 2017, short term rentals are subject to a combined 15% hotel occupancy tax (7% to the City of Waco; 6% to the State of Texas; and 2% to McLennan County). For detailed information on hotel occupancy taxes, payments, and reporting, visit this website: <http://www.waco-texas.com/budget-occupancy-tax.asp>. The city and county have contracted with [Avenu](#) to collect hotel occupancy tax. There is no additional cost to operators to use this service. Avenu can assist STR operators with setting up their account and payment of back taxes. Their toll-free customer support phone number is 1-877-693-4435.

If the STR is already operating, city/county tax records must be submitted with the license or renewal request. While the STR operator is responsible for all hotel occupancy taxes listed above, only city/county tax records will be reviewed.

## **WHAT IS THE APPEAL PROCESS FOR A SUSPENSION OR DENIAL OF A LICENSE?**

A licensee or applicant may appeal the Director of Development Services' decision to deny, suspend or revoke a license. Appeals must be submitted to the city secretary in writing, within 15 days following the date of receipt of the decision, and a hearing will be scheduled for the next regular meeting of the city council that is more than 6 days away. The council will render a decision on the appeal within 10 days of the hearing. The STR must cease operation during the appeal process.

## **WHERE CAN I ACCESS THE STR ORDINANCE?**

The Bed and Breakfast Facilities and Short Term Rental Facilities ordinance is under Chapter 13, Article XIII of the City of Waco Code of Ordinances. It can be accessed via the online municode [here](#).